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VIII. Department of Corrections--Michael J. Sullivan, Secretary

The department requests a supplement of \$643,800 GPR in 1996-97 from the Committee's appropriation under s. 20.865(4)(a) to the department's energy cost appropriation under s. 20.410(1)(f) to offset a projected deficit in this appropriation in 1996-97.

The department also requests the transfer of \$2,944,600 GPR in 1996-97 from various appropriations within the department to the general operations appropriation under s. 20.410(1)(gi) to offset a projected deficit in 1996-97.

Governor's Recommendation

Approve the transfer of \$643,800 GPR from the serious juvenile offender appropriation [20.410(3)(cg)] to appropriation 20.410(1)(f) to provide sufficient expenditure authority to avoid a deficit in the DOC energy costs appropriation.

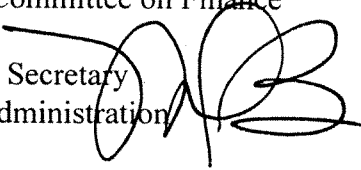
Approve the following transfers to appropriation s. 20.410(1)(gi) to avoid a deficit in the DOC program revenue general operations appropriation.

Title	Appn	Amount
General program operations	1a	\$200,000
Intergovernmental corrections agreements	1ab	724,000
Intensive sanctions	1ai	24,000
Reimbursing counties for probation and parole holds	1bn	39,200
Purchased services for offenders	1d	112,100
Special living arrangements	1dd	70,400
State-owned housing	1j	11,887
Serious juvenile Offender	3cg	1,763,013
Total		<u>\$2,944,600</u>

CORRESPONDENCE MEMORANDUM

Date: June 20, 1997

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Corrections Relating to Deficits in Energy Costs and General Operations

Request

The Department of Corrections requests a supplement of \$643,800 GPR in 1996-97 from the Committee's appropriation under s. 20.865(4)(a) to the department's energy costs appropriation under s. 20.410(1)(f) to offset a projected deficit in this appropriation in 1996-97.

The Department of Corrections also requests the transfer of \$2,944,600 GPR in 1996-97 from various appropriations within the department to the program revenue general operations appropriation [s. 20.410(1)(gi)] and a corresponding increase in expenditure authority in appropriation s. 20.410(1)(gi) to offset a projected deficit in 1996-97.

Background

On June 6, 1997, the DOC adult inmate population stood at 14,051. The operating capacity of the adult prison system, including 441 contracted jail beds, is currently 9,040. The prison system is currently operating at 155% of capacity and over the past year the average growth has been a net increase of 153 inmates per month.

The amount budgeted each year in the energy costs appropriation is based on prior year expenditures, inflation adjustments and historical weather data. The number of inmates in the prison system, to the extent that it may affect energy costs, has not been factored into the amounts provided in the budget. The energy costs appropriation includes funding for electricity, natural gas, coal, waste disposal, water and sewer services.

1995 Wisconsin Act 27 created a program revenue general operations appropriation to offset the GPR cost of prison operations by charging inmates a part of their earnings from prison industries private sector ventures. Act 27 reduced DOC's general program operations budget by \$3,200,000 GPR and replaced it with \$3,200,000 PR. In August, 1996, DOC projected a shortfall in this appropriation for FY97 and submitted a request under s. 13.10 for a supplement of \$2,925,800 from the Committee's appropriation.

The Committee denied the request and directed DOC to submit a report to the Committee by March 3, 1997 to identify potential funding through lapses in DOC's general program operations appropriation [s.20.410(1)(a)]. Due to the uncertainty of projections in March, DOC requested a deferral and proposed to provide projected lapses as part of an s. 13.10 meeting in June, 1997.

Analysis

Energy Costs

DOC's projected expenditures of \$9,066,900 in the energy costs appropriation exceeds the authorized expenditure level of \$8,423,100 by \$643,800. This projected deficit is attributed to rate increases for local utilities, higher fuel and electric bills and an increase in utility and energy usage as a result of an increase in institutional population of 1,134 inmates from July 1, 1996 to June 6, 1997.

DOC's serious juvenile offender appropriation [20.410(3)(cg)] has a projected surplus of \$3,600,000 GPR due to lower than projected juvenile populations for FY97. A transfer of \$643,800 GPR expenditure authority from the serious juvenile offender appropriation to the energy costs appropriation will avoid a deficit in this appropriation for FY97.

General Operations

DOC is projecting a deficit of \$2,944,600 in its program revenue general operations appropriation due to an overly optimistic estimate of the amount of revenue the department would generate from payments made by inmates from wages earned while employed in private ventures. DOC has identified lapses in the following appropriations to transfer to the program revenue general operations appropriation to avoid a year-end deficit:

Title	Appn	Amount
General program operations ¹	1a	\$200,000
Intergovernmental corrections agreements ²	1ab	724,000
Intensive sanctions	1ai	24,000
Reimbursing counties for probation and parole holds ³	1bn	39,200
Purchased services for offenders	1d	112,100
Special living arrangements	1dd	70,400
State-owned housing ⁴	1j	11,887
Serious juvenile Offender ⁵	3cg	1,763,013
Total		<u>\$2,944,600</u>

Notes:

1. Lapse generated by cancellation of proposed purchases
2. Lapse due to fewer inmates transferred to Texas jails than originally planned
3. Actual bills less than appropriated for this purpose
4. DOC no longer owns housing to which funds could be applied
5. SJO population smaller than originally projected, a \$3,600,000 lapse is projected in the appn

Summary

DOC is projecting a deficit of \$643,800 in its energy costs appropriation due primarily to unanticipated increases in local utility rates and higher usage of utilities because of higher prison populations. A transfer of \$643,800 from the serious juvenile offender appropriation to the energy costs appropriation will avoid a year-end deficit.

DOC is also projecting a deficit in its program revenue general operations appropriation for which it has identified lapsing funds from its own appropriations which can be transferred to the program revenue general operations appropriation to avoid a year-end deficit.

Recommendation

Approve the transfer of \$643,800 GPR from the serious juvenile offender appropriation [20.410(3)(cg)] to appropriation 20.410(1)(f) to provide sufficient expenditure authority to avoid a deficit in the DOC energy costs appropriation.

Approve the following transfers to appropriation s. 20.410(1)(gi) to avoid a deficit in the DOC program revenue general operations appropriation.

Title	Appn	Amount
General program operations	1a	\$200,000
Intergovernmental corrections agreements	1ab	724,000
Intensive sanctions	1ai	24,000
Reimbursing counties for probation and parole holds	1bn	39,200
Purchased services for offenders	1d	112,100
Special living arrangements	1dd	70,400
State-owned housing	1j	11,887
Serious juvenile Offender	3cg	1,763,013
Total		<u>\$2,944,600</u>

Prepared by: Roger Fetterly
266-2213

Tommy G. Thompson
Governor

Michael J. Sullivan
Secretary



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State of Wisconsin Department of Corrections

May 23, 1997

To: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

The Honorable Scott Jensen Co-Chair
Joint Committee on Finance

From: Michael J. Sullivan
Department of Corrections

Subject: June Meeting of the Joint Committee on Finance under § 13.10 Request

In August, 1996, the Department submitted a request under § 13.10 to address a projected \$2.9 million deficit in § 20.410 (1)(gi). In September, the Joint Committee on Finance passed a motion that required the Department to submit a report to the Committee by March 3, 1997, regarding the Department's supplies and services expenditures and potential funding through a lapse in § 20.410 (1)(a). In February, 1997, the Department submitted a report updating the revenue projections from the private ventures. The Department could not project potential lapses at that time. Attached is a § 13.10 request that identifies potential lapses in eight appropriations and requests that these funds be transferred to § 20.410 (1)(gi) to address the projected deficit in that appropriation.

Tommy G. Thompson
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State of Wisconsin Department of Corrections

May 23, 1997

To: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

The Honorable Scott Jensen Co-Chair
Joint Committee on Finance

From: Michael J. Sullivan
Department of Corrections

Subject: § 13.10 Request

The Department of Corrections is projecting a deficit of \$643,800 in § 20.410 (1)(f), Energy costs. The Department has not been able to identify a solution within DOC appropriations. The Department requests that the Department of Administration identify energy funds which will lapse in other Departments appropriations sufficient to offset this deficit.

The Department is also projecting a deficit in § 20.410 (1) (gi) of \$2,944,600. The Department has identified the following projected lapses and funds that are available to offset this deficit. The Department requests transfer of the following amounts to § 20.410 (1)(gi):

- \$ 200,000 from § 20.410 (1)(a), General Program Operations
- \$ 724,000 from § 20.410 (1)(ab), Intergovernmental corrections agreements
- \$ 24,000 from § 20.410 (1)(ai), Intensive Sanctions
- \$ 39,200 from § 20.410 (1)(bn), Reimbursing counties for probation and parole holds
- \$ 112,100 from § 20.410 (1)(d), Purchased services for offenders
- \$ 70,400 from § 20.410 (1)(dd), Special living arrangements
- \$ 11,887 from § 20.410 (1)(j), State owned-housing maintenance
- \$1,763,013 from § 20.410 (3)(cg), Serious Juvenile Offenders

The total amount identified for transfer is \$2,944,600, leaving no deficit in § 20.410 (1)(gi).

Statutory Criteria for Request

§ 13.101 (3) (a) requires that (1) an emergency exists; (2) no funds are available for such purposes; (3) the purposes have been authorized or directed by the legislature.

An emergency exists in that the Division of Adult Institutions projects expenditures of \$3.2 million in § 20.410 (1)(gi). The projected revenues from joint ventures for FY 97 that will be deposited in appropriation § 20.410 (1)(gi) is \$255,400.

The Department also projects expenditures of \$9,066,900 in appropriation § 20.410 (1)(f). The total budget for this appropriation, including encumbrance carryovers, is \$8,423,100.

Background - Appropriation § 20.410 (1) (f), Numeric 106

The amount budgeted each year for energy costs in the biennial budget is based on prior year expenditures. The amount is increased for new facilities and expansions but does not account for rate increases or additional populations in existing facilities.

In FY 97, rates were increased in many localities. The increases resulted in higher fuel and utility bills for the adult institutions and six correctional centers. In addition, the populations in adult correctional facilities increased from 12,257 inmates on June 28, 1996 to 14,043 as of May 23, 1997. The increase in inmates has resulted in an increase in the cost of water, electricity and sewer bills in both the institutions and the correctional centers.

The Department has not been able to identify a solution within DOC appropriations. As an alternative, the Department requests that the Department of Administration identify energy funds which will lapse in other Departments' appropriations.

Background - Appropriation § 20.410 (1)(gi), Numeric 185

1995 Wisconsin Act 27, the biennial budget bill, authorized the Department of Corrections to create and operate three private sector ventures in the adult correctional institutions. Inmates participating in the programs must be paid the prevailing wage or minimum wage, whichever is greater. In addition to taxes, social security, child support and crime victim deductions, the Department is permitted to deduct funds to offset the cost of incarceration. The total deductions cannot exceed 80% of the inmates' wages.

The Department estimated that \$3.2 million would be collected in FY 97 from inmates participating in these ventures. 1995 Wisconsin Act 27 reduced supplies and services for the Division of Adult Institutions by \$3.2 million. The budget created a program revenue appropriation with expenditure authority in the same amount. Funds from this appropriation are to be used to offset the costs of institution operations.

In August, 1996, the Department projected revenues from the joint ventures to be \$274,200. The Department submitted a § 13.10 request to transfer \$2,925,800 from § 20.865 (4)(a) to provide for supplies and services for the institutions. The Joint Committee on Finance denied the request and passed

a motion requiring the Department to submit a report to Joint Finance by March 3, 1997, regarding the status of the Department's supplies and services expenditures and potential funding through lapse in appropriation § 20.410(1)(a).

On February 25, 1997, the Department submitted a report that updated the projected revenues from the joint ventures. As it was too early to project potential lapses with accuracy, the Department stated that it planned to submit a § 13.10 request in June to address the remaining deficit.

Appropriation § 20.410 (1)(a) has budget authority of \$244,843,724. These funds are needed to support over 7,100 employees and the majority of management and support functions of the agency as well as providing food, clothing, and health care services to inmates. The Department projects a lapse of \$200,000 in this appropriation.

Current Situation

Two of the private ventures became operational in June, 1996. Development of these ventures included a nine month process of soliciting proposals, evaluating the proposals, negotiating contracts, securing approval by the Prison Industries Board and scheduling a hearing before the Joint Committee on Finance.

One of the private ventures in operation is the Fabry Glove and Mitten Company located at the Green Bay Correctional Institution. There are currently 95 inmates employed in this venture with an anticipated growth to 100 inmates by May 26, 1997. An average of 54 inmates will be employed in this venture in FY 97. It is anticipated that the inmates employed by Fabry will contribute \$245,00 toward room and board. These funds will be deposited in appropriation § 20.410 (1)(gi) to offset expenditures in this appropriation.

The second venture, Jorgensen Conveyer Company located at Waupun Correctional Institution currently employs 7 inmates. It is anticipated that this venture will employ an average of 5 inmates in FY 97. It is anticipated that these inmates will contribute \$10,400 toward room and board which will offset expenditures in § 20.410 (1)(gi).

The total projected revenues from joint ventures in FY 97 is \$255,400.

Availability of Funds in Other Appropriations

The Department has identified \$2,944,600 in various appropriations that can be transferred to offset the deficit. These funds are projected to lapse or are available for the following reasons:

§ 20.410 (1)(a) funds general operations for the department with the exception of the Division of Community Corrections and the Parole Commission. The \$200,000 lapse that has been identified was generated through cancellation of proposed purchases.

§ 20.410 (1)(ab) funds contract beds within and outside of Wisconsin. The projected lapse of \$724,000 is due to the Department's inability to transfer as many inmates to Texas as originally planned.

§ 20.410 (1)(ai) funds the intensive sanctions program. The Department of Health and Family Services recently restored cuts that were made in the AODA Block Grant that DOC receives through them. To continue the AODA programs, the DOC expended \$24,000 from § 20.410 (1)(ai). These funds have been reimbursed leaving a lapse of \$24,000 that can be applied to the deficit.

§ 20.410 (1)(bn) reimburses counties for costs related to probation and parole holds for the previous fiscal year, in this case FY 96. The actual bills from counties totaled \$39,200 less than was appropriated for this purpose.

§ 20.410 (1)(d) pays for purchased services for offenders. The projected balance is \$112,100 which the Department requests be applied to the deficit.

§ 20.410 (1)(dd) funds halfway house contracts. The projected balance in this appropriation is \$ 70,400 which the Department requests be applied to the deficit.

§ 20.410 (1)(j) funds maintenance for state-owned housing. The Department of Corrections no longer owns any housing to which this could be applied. The remaining cash balance in this appropriation is \$11,887. The Department is requesting that these funds be applied to the deficit.

§ 20.410 (3)(cg) funds the serious juvenile offender program. It also funds youth who were previously considered violent juvenile offenders as well as waived and extended youth. Due to smaller than anticipated populations, the projected lapse in this appropriation is \$3,600,000. The amount needed to bring the deficit to \$0 is \$1,763,013.

Agency Effect if Request is Denied

If the request for § 20.410 (1)(f) is denied, the Department would need to delay payment on bills in violation of the prompt pay statute.

If the request for § 20.410 (1)(gi) is denied, the Department will have an unsupported cash deficit of \$2,944,600 in § 20.410 (1)(gi). The only available corrective action plan would be to apply year end lapses in GPR appropriations in § 20.410 (1)(a). Based on prior year lapses, reduction of the deficit to zero could take 10 to 20 years.

The Department of Corrections representatives for this request are Michael J. Sullivan, Secretary and Ken Sondalle , Administrator, Division of Adult Institutions.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 20, 1997

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections--Section 13.10 Request For Transfer of Land Sale Proceeds--Agenda
Item IX

The Department of Corrections requests that the Committee transfer \$131,200 from the proceeds of recent land sales to the Department for the purpose of paying for the construction of a manure storage facility at the Waupun Correctional Farm.

BACKGROUND

Prior to the 1995-97 budget, proceeds from the sale of surplus land were applied to agency debt service payments. For properties where the debt had already been retired or never existed, the proceeds were used to pay off the agency's most costly outstanding debt supported by the same appropriation source as the liquidated property.

To give agencies more incentive to dispose of surplus properties, 1995 Wisconsin Act 27 (the 1995-97 budget) modified the use of funds received from the sale of surplus property. Under Act 27, these monies, after paying off outstanding bonds used to finance that property, are deposited in the Joint Finance Committee's appropriation for release to the agency or the Building Commission. If the property was used by a single agency, not more than 50% of these funds can be released by the Committee upon the request of the agency to supplement any agency appropriation, except a sum sufficient appropriation, without a finding by the Committee under s. 13.10 that an emergency exists. Similarly, upon the request of the Building Commission, the Committee can transfer the remaining funds, depending on the amount of funds released to the agency, to the building trust fund, without a finding of an emergency.

Currently \$321,318 has been deposited in the Committee's appropriation related to the sale of Corrections' surplus land. Corrections may receive release of not more than 50% of this amount (\$160,659).

ANALYSIS

On March 20, 1996, the Building Commission approved the construction of a manure pit at the Waupun Correctional Farm. Construction of the structure was recommended to properly accommodate the waste produced by 500 head of dairy cows at the farm. The Building Commission indicates that waste production at the farm more than doubled when the Winnebago farm was closed and the dairy herd moved to Waupun. The design of the manure pit, a cast in place concrete structure, was recommended by Corrections and a consultant, after evaluating construction bids.

On December 18, 1996, the Building Commission approved the construction of the manure pit, to be funded with \$131,200 in program revenue funds, generated by farms' operations. A request to DOA by Corrections for increased expenditure authority was, however, denied by DOA, and Corrections was instead directed by DOA to request the release of funding from the land sales reserves. At the Building Commission's April 23, 1997, meeting, the Commission voted 8-0 to change the source of funds to program revenue borrowing, in order to start construction by May 1, 1997. The Commission indicated that current storage capacity was not sufficient for the size of the herd and resulted in excess land spreading of manure that may cause increased nutrient levels and could potentially damage groundwater and surface waters. The Department indicates that construction of the manure pit has begun.

The correctional farms are intended to be self-supporting operations whereby expenditures do not exceed revenues generated from the sale of farm products. However, the correctional farms operations have resulted in cash losses in all but five of the last fifteen years (four of the last five years have seen profits). Losses over the years, however, have resulted a cash deficit for correctional farms of \$5.4 million at the end of 1995-96. Current estimates are that correctional farms will end 1996-97 with a cash deficit of \$5.3 million. Corrections has indicated that if the s. 13.10 request is denied, it will seek increased expenditure authority of \$11,400 PR annually to begin repayments of the PR-supported borrowing. DOA estimates that \$131,400 repaid at 6% interest over 20 years will result in a repayment cost of \$228,000, of which \$96,800 will be interest.

Given that revenue from correctional land sales is currently available for Corrections in the Committee's appropriation, that construction on the manure pit has already begun, and the financial status of the correctional farms appropriation, approval of the Department's request would be appropriate.

CONCLUSION

Approve the Department's request for the transfer of \$131,200 from the Committee's public land sales reserve appropriation [s. 20.865(4)(a)] to the Department's correctional farms appropriation [s. 20.410(1)(kf)] to pay for the construction of a manure storage facility at the Waupun Correctional Farm.

Prepared by: Jere Bauer

MO# Conclusion

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
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KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

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IX. Department of Corrections--Michael J. Sullivan, Secretary

The department pursuant to s. 13.101(13) requests a supplement of \$131,200 GPR in 1996-97 from the reserved balance of the Committee's appropriation under s. 20.865(4)(a) to the department's correctional farms appropriation under s. 20.410(1)(kf) to pay for a manure storage construction project at the Waupun Correctional Farm.

Governor's Recommendation

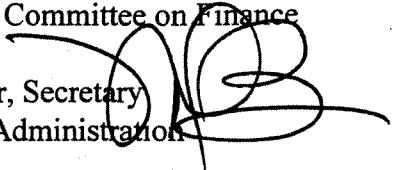
Approve as requested.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: June 20, 1997

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Corrections Relating to Funding for a Manure Storage Structure at the Waupun Correctional Farm

Request

The Department of Corrections (DOC) pursuant to s. 13.101(13) requests a supplement of \$131,200 from the reserved balance of the Committee's appropriation [s. 20.865(4)(a)] to the department's correctional farms appropriation [s. 20.410(1)(kf)] and a corresponding increase in the expenditure authority in s. 20.410(1)(kf) to pay for a manure storage construction project at the Waupun Correctional Farm.

Background

On December 18, 1996, the State Building Commission authorized the construction of a manure storage facility at the Waupun Correctional Farm at a cost of \$131,200. The facility is needed for temporary storage of manure for the dairy herd of 535 cattle to comply with environmental standards. On February 28, 1997, DOC requested an increase in program revenue expenditure authority in the correctional farms appropriation under s. 16.515 to pay for the construction of the facility. The request was denied by the Department of Administration because revenues in the farms appropriation were insufficient to cover an increase in expenditure authority.

Because of more stringent standards in the Dodge County wastewater ordinance, which will become effective on July 1, 1997, the Building Commission authorized the project to proceed with funding from self-amortizing public borrowing so the facility would be grandfathered under the current wastewater standards. To comply with this deadline the project was started in May, 1997 and is expected to be completed on or about July 1, 1997.

Analysis

DOC is requesting a supplement of \$131,200 from the reserved balance of the Committee's appropriation to the correctional farms appropriation to pay for the

construction of the facility out of FY97 operating budget funds rather than incurring the additional obligation to pay interest on borrowed funds. If bonding is used to fund this project, it is estimated that interest payments of \$96,800 PR will need to be paid out of the correctional farms appropriation over the next 20 years.

During FY97, DOC farm lands have been sold and net proceeds of \$321,318.77 have been deposited in the Committee's appropriation. Under s. 13.101(13)(b), DOC may request that not more than 50% of the net proceeds be credited to the correctional farms appropriation. The proceeds from the sale of land in the Committee's appropriation will lapse to the general fund if not transferred or expended by the end of FY97. Currently there are no budget assumptions that these monies will lapse to the general fund.

Recognizing that the correctional farms program revenue appropriation is indebted to the general fund by approximately \$5 million, any efforts to reduce the cost of the farms operations will help to improve their financial condition.

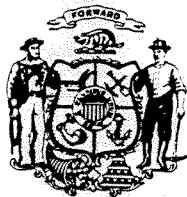
Recommendation

Approve as requested.

Prepared by: Roger Fetterly
266-2213

Tommy G. Thompson
Governor

Michael J. Sullivan
Secretary



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State of Wisconsin Department of Corrections

June 9, 1997

MEMORANDUM

TO: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

The Honorable Scott Jensen, Co-Chair
Joint Committee on Finance

FROM: Michael J. Sullivan, Secretary
Department of Corrections

SUBJECT: 13.101(13)(b) - Transfer of Funds from Jt. Finance to the Department of
Corrections for:

Payment for Newly Constructed Manure Storage Facility

The Department of Corrections requests a transfer of \$131,200 in FY 97 from appropriation s. 20.865(4)(a) to 20.410(1)(kf). The Department also requests increased expenditure authority of \$131,200 in FY 97 in s. 20.410(1)(kf) to pay for a newly constructed manure storage facility at the Waupun Correctional Farm.

Background/Statutory Criteria

Wisconsin Statutes 13.101(13)(b) provides that "If the building, structure or land was used by a single agency as defined in s. 13.48(14)(a), the committee may, upon request of that agency, transfer not more than 50% of the moneys so credited to any appropriation account of that agency, other than a sum sufficient appropriation account..." and does not require a finding of emergency as defined in s. 13.101(3)(a). The Department of Corrections is requesting transfer of the funds at this time because the funds are only available during the current fiscal year (FY 97).

The State has sold a number of parcels of Department of Corrections' land. Most of that land was former Correctional Farm land. The net sales proceeds deposited in s. 20.865(4)(a) were:

<u>Parcel</u>	<u>Purchase Price</u>
Former Winnebago State Farm (3 Parcels)	\$508,600
Deerfield (former Thompson Farm), Fond du Lac (Taycheedah) and Winnebago (farm land)	<u>233,000</u>
TOTAL NET	\$741,600

Under s. 13.101(13)(b), the Department is allowed to request transfer of 50% of the net proceeds to one of its appropriations. The Department is requesting \$131,200 for payment of a newly constructed manure storage facility.

Statutory Criteria

Section 13.101(13)(b) provides that the request for this type of transfer does not require a finding of emergency as defined in s. 13.101(3)(a). The request is being made at this time as the funds in s. 20.865(4)(a) are only available to the Department of Corrections during FY 97.

Manure Pit

History: On March 20, 1996 the Building Commission approved construction of a \$215,000 manure pit. Bids for the construction were lower than anticipated and on December 18, 1996 the Building Commission reduced the construction authority to \$131,200. On February 28, 1997, the Department submitted a s. 16.515 request to the Department of Administration requesting increased expenditure authority of \$131,200 for the construction. The Department's request was denied. Believing there was an urgency to starting the construction before May 1, 1997, due to anticipated county wastewater standard changes, the Building Commission, at its April 23, 1997, meeting, authorized expenditure authority of \$131,200 from s. 20.866(2)(uy).

The new manure storage structure is under construction at the Waupun State Farm and is expected to be completed by July 1, 1997.

Agency Effect If Request Is Denied: The Department of Corrections will pay the full \$131,200 for construction of the manure storage facility from 20.410(1)(kf) during FY 97 if approved.

If the request is denied, the Department will return with s. 16.515 requests each fiscal year of the 97-99 biennium to request increased expenditure authority for principal and interest repayments related to bonds issued from 20.866(2)(uy) to fund the construction. The Department of

Senator Brian Burke
Representative Scott Jensen
June 9, 1997
Page 3

Administration estimates \$131,200 repaid at 6% interest over a 20 year term results in yearly payments of \$11,400. Payments over 20 years will result in a real repayment cost of \$228,000; \$96,800 of this amount is interest.

It will be necessary for Correctional Farms to increase revenue by \$11,400 per fiscal year, over and above what is currently projected at this time. The Correctional Farms has a long-standing negative fund balance supported by the general fund. An unplanned expense of \$11,400 per year could delay balancing the fund, thereby continuing general fund support for a longer period of time.

Summary

The Department of Corrections requests a transfer in FY 97 of \$131,200 from s. 20.865(4)(a) to 20.410(1)(kf). The Department also requests FY 97 expenditure authority in s. 20.410(1)(kf) for \$131,200 to pay for a newly constructed manure storage facility.

The Department of Corrections representatives for this request are Michael J. Sullivan, Secretary and Steve Kronzer, Director, Bureau of Correctional Enterprises.

cc:	Ave Bie, Dpt. Sec.	Scott Peterson, Ex. Asst.
	Bill Clausius, Public Info	Roger Fetterly, DOA
	Ken Sondalle, DAI	Cindy Schoenike, DAI
	Dick Verhagen, DAI	Steve Kronzer, DAI/BCE
	Mary Rondou, BCE	Mary Cassady, BoB
	Cathy Halpin, BoB	Dan Steeger, Fiscal
	Barbara Carlson, BoB	Lucie Widzinski-Pollock, BoB

Fund Conditiuion Statement
20.410(1)(kf)
FY 97

FY97

Opening balance (\$5,084,800)

Revenue:

Revenue year-to-date (6-6-97)	2,130,100
Revenue projected to June 30	118,900
Revenue this request	<u>131,200</u>
Total revenue	\$2,380,200

Expenditures:

Expenditures year-to-date (6-6-97)	\$1,875,500
Expenditures projected to June 30	305,000
Expenditures this request	<u>131,200</u>
Total expenditures	\$2,311,700

Closing balance (\$5,016,300)

Expenditure authority:

Chapter 20	\$1,984,800
S. 16.515 approved May 2, 1996	27,500
Prior year encumbrance	11,200
S. 16.515 approved April 14, 1997	<u>157,000</u>
Total expenditure authority available	\$2,180,500

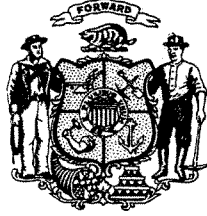
Less:

Total expenditures projected for FY 97	\$2,311,700
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Requested expenditure authority increase \$131,200

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



R-1
Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

June 17, 1997

The Honorable Brian Burke
State Senate
LL1 119 Martin Luther King Blvd.
Madison, WI 53707-7882

The Honorable Scott Jensen
State Assembly
315 North, State Capitol
Madison, WI 53707-8952

Dear Senator Burke and Representative Jensen:

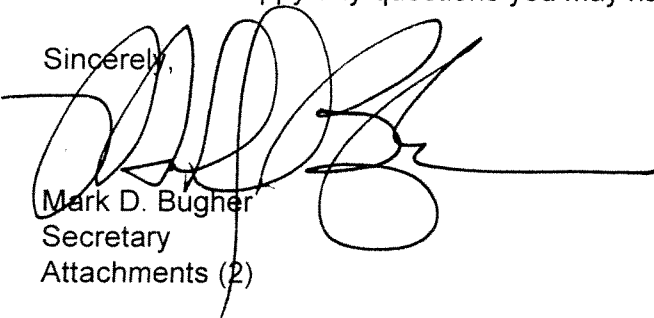
Attached is our report as required under s. 16.50, Wisconsin Statutes, on the number of federally funded positions approved during the January 1 through March 31, 1997 quarter. Also shown are changes in positions approved by the UW-System and by the Legislature during the same period. There were 8.0 federal positions approved in the quarter and 14.5 deleted for a net decrease of 6.5.

Of the new positions created, the Department of Natural Resources received 1.0 FTE for the Wildlife Reform; 1.0 FTE for the North American Wetlands Conservation Act and 1.0 FTE for the Wetland Restoration Strategy. The Department of Health and Family Services received 1.0 FTE for HIV Ryan White Care. The Department of Administration received 1.0 FTE for the Office of Justice Assistance Formula Grant. The District Attorneys received 2.0 FTE from the Local Law Enforcement Block Grant.

Also attached is our report on the surplus positions created for the same quarter.

We would be happy any questions you may have on these reports.

Sincerely,



Mark D. Bugher
Secretary
Attachments (2)

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Administration	1,041.13							1,040.13
GPR	214.02							214.02
PRO/PRS	744.80							744.80
Federal	73.61	2.00	-3.00					72.61
SEG	8.70							8.70
Adolescent Pregnancy Prevention and Pregnancy Services Board								
GPR	1.50							1.50
	1.50							1.50
Aging and Long-Term Care								
GPR	17.90							17.90
PRO/PRS	8.45							8.45
	9.45							9.45
Agriculture, Trade & Consumer Protection								
GPR	697.52							697.52
PRO/PRS	307.11							307.11
Federal	253.86							253.86
SEG	67.35							67.35
	69.20							69.20
Arts Board								
GPR	12.00							12.00
PRO/PRS	5.00							5.00
Federal	1.00							1.00
	6.00							6.00
Child Abuse & Neglect Prevention Board								
PRO/PRS	4.00							4.00
	4.00							4.00
Circuit Court								
GPR	494.00							494.00
	494.00							494.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Commerce	446.15							447.15
GPR	97.95							97.95
PRO/PRS	235.15					1.00		236.15
Federal	22.85							22.85
SEG	90.20							90.20
Corrections	7,757.83							7,909.61
GPR	6,338.41					151.78		6,490.19
PRO/PRS	1,419.42							1,419.42
Court of Appeals	73.00							73.00
GPR	73.00							73.00
District Attorneys	363.00							365.00
GPR	348.00							348.00
PR	15.00							15.00
FED	0.00		2.00					2.00
Educational Communications Board	90.50							90.50
GPR	65.75							65.75
PRO	24.75							24.75
Elections Board	13.00							13.00
GPR	13.00							13.00
Employee Trust Funds	172.85							172.85
SEG	172.85							172.85
Employment Relations Commission	33.50							33.50
GPR	28.50							28.50
PR	5.00							5.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg. *		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Employment Relations Department	90.75							90.75
GPR	82.05							82.05
PRO/PRS	8.70							8.70
Ethics Board	6.50							6.50
GPR	1.75							1.75
PRO/PRS	4.75							4.75
Financial Institutions	168.50							168.50
PR	168.50							168.50
Gaming Commission	53.45							53.45
PRO/PRS	52.45							52.45
SEG	1.00							1.00
Governor's Office	47.05							50.05
GPR	47.05							47.05
PR	2.00					1.00		3.00
Health and Family Services	6,264.54							6,281.04
GPR	1,558.11							1,558.11
PRO/PRS	3,779.58					16.50		3,796.08
Federal	919.10	1.00	-1.00					919.10
SEG	7.75							7.75
Higher Educational Aids Board	11.00							11.00
GPR	9.50							9.50
SEG	1.50							1.50

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Historical Society	178.00							177.50
GPR	145.35							145.35
PRO/PRS	23.05							23.05
Federal	6.35		-0.50					5.85
SEG	3.25							3.25
Insurance	141.50							141.50
PRO	127.25							127.25
SEG	14.25							14.25
Investment Board	96.50							96.50
PRO	96.50							96.50
Judicial Commission	2.00							2.00
GPR	2.00							2.00
Justice	540.40							551.40
GPR	410.15							410.15
PRO/PRS	105.25					11.00		116.25
Federal	19.25							19.25
SEG	5.75							5.75
Legislature	823.97							823.97
Legislators - GPR	132.00							132.00
Assembly Staff - GPR	253.50							253.50
Senate Staff - GPR	194.50							194.50
Office of Data Processing - GPR	16.00							16.00
Retirement Committee - GPR	3.00							3.00
Revisor of Statutes - GPR	10.00							10.00
Legislative Reference Bureau - GPR	56.00							56.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Legislative Audit Bureau								
GPR	67.00							67.00
PRS	21.80							21.80
Legislative Fiscal Bureau - GPR	35.00							35.00
Legislative Council - GPR	35.17							35.17
Lieutenant Governor's Office								
GPR	8.00							8.00
	8.00							8.00
Lower Wisconsin State Riverway Board								
SEG	2.00							2.00
	2.00							2.00
Military Affairs								
GPR	335.51							335.51
PRO/PRS	105.83							105.83
Federal	25.50							25.50
SEG	202.68							202.68
	1.50							1.50
Natural Resources								
GPR	2,899.72							2,898.22
PRO/PRS	521.28							521.28
Federal	235.14					0.50		235.64
SEG	475.55							473.55
	1,667.75							1,667.75
Personnel Commission								
GPR	10.00							10.00
	10.00							10.00
Public Defender								
GPR	533.60							533.60
PRO/PRS	529.60							529.60
	4.00							4.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Public Instruction								
GPR	616.05							616.05
PRO/PRS	328.06							328.06
Federal	84.02							84.02
SEG	203.97							203.97
	0.00							0.00
Public Service Commission								
PRO/PRS	190.25							190.25
Federal	189.25							189.25
	1.00							1.00
Regulation and Licensing								
PRO	127.00							127.00
	127.00							127.00
Revenue								
GPR	1,309.55							1,309.55
PRO/PRS	913.75							913.75
Federal	241.30							241.30
SEG	0.00							0.00
	154.50							154.50
Secretary of State								
PRO	6.50							6.50
	6.50							6.50
State Fair Park Board								
PRO	45.70							45.70
	45.70							45.70
State Treasurer								
PRO/PRS	23.50							23.50
	23.50							23.50
Supreme Court								
GPR	181.75							184.75
PRO/PRS	108.50							108.50
SEG	68.25							71.25
	5.00							5.00
						3.00		

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Transportation	3,929.27							3,929.27
PRO/PRS	3.00							3.00
Federal	952.17							952.17
SEG	2,974.10							2,974.10
Tourism	66.00							66.00
GPR	58.00							58.00
PR	5.00							5.00
SEG	3.00							3.00
University of Wisconsin	27,729.91							27,782.16
GPR	18,299.32							18,299.32
PRO/PRS	5,871.09			20.32	-46.49			5,844.92
Federal	3,470.31			83.75	-5.33			3,548.73
SEG	89.19							89.19
U.W. Hospitals & Clinic Board	1,556.71							1,556.71
PR	1,556.71							1,556.71
Veterans Affairs*	804.60							804.60
GPR	5.65							5.65
PRO/PRS	677.83							677.83
SEG	116.32							116.32
FED	4.80							4.80
Wisconsin Technical College								
System	93.50							93.50
GPR	38.85							38.85
PRO/PRS	16.50							16.50
Federal	35.15							35.15
SEG	3.00							3.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 - MARCH 31, 1997

Agency	Budgeted Positions as of 12/31/96	Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 3/31/97
		Adds	Deletes	Adds	Deletes	Adds	Deletes	
Workforce Development	2,545.74							2,540.74
GPR	314.32							314.32
PRO/PRS	734.13							734.13
Federal	1,489.79		-5.00					1,484.79
SEG	7.50							7.50
TOTALS	62,658.90	8.00	-14.50	104.07	-51.82	184.78	0.00	62,889.43
GPR	32,293.98	0.00	0.00	0.00	0.00	151.78	0.00	32,445.76
PRO/PRS	17,016.68	0.00	0.00	20.32	-46.49	33.00	0.00	17,023.51
Federal	7,949.93	8.00	-14.50	83.75	-5.33	0.00	0.00	8,021.85
SEG	5,398.31	0.00	0.00	0.00	0.00	0.00	0.00	5,398.31

*Change of 5.65 FTE to GPR from SEG

REPORT ON SURPLUS POSITIONS AUTHORIZED
JANUARY 1 - MARCH 31, 1997

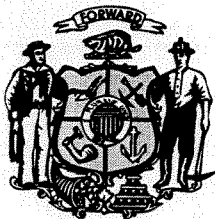
<u>Agency</u>	<u>C</u> Unclassified Service <u>Leaves</u>	<u>D, E</u> Medical, Education or Personal <u>Leaves</u>	<u>A, B, I, X</u> Double-filled <u>Positions</u>	<u>Reason for Double-fill</u>
Administration PR		+4.0	+1.0	Medical Leave of Absence; Retirement Training
Agriculture, Trade and Consumer GPR			+1.0; -1.0	Retirement Training
Arts Board GPR	+1.0			Unclassified Leave of Absence
Corrections GPR PR			-2.0 -2.0	
District Attorneys GPR		+1.0; -3.5		Leave of Absence
Educational Communications Board PR		-5		
Employment Relations GPR		+1.0		Personal Leave of Absence
Health and Family Services GPR PR FED	+1.5	+1.0; -2.0	+4.8; -1.0 +5.0 -2.0	Medical Leave of Absence
Justice GPR	-1.0			Unclassified Leave of Absence
Natural Resources GPR SEG	-1.0		+2.0 -2.0	Retirement Training
Public Instruction GPR			-1.0	
Revenue GPR			-1.0	Retirement Training

REPORT ON SURPLUS POSITIONS AUTHORIZED
JANUARY 1 - MARCH 31, 1997

Agency	C Unclassified Service Leaves	D, E Medical, Education or Personal Leaves	A, B, I, X Double-filled Positions	Reason for Double-fill
Transportation SEG			+3.5; -12.3	
Treasurer PR			+1.0	Retirement Training
Veterans Affairs PR		+2.0; -4.0	-2.0	Medical Leave of Absence
Wisconsin Technical College System GPR			-1.0	
Workforce Development PR FED	+1.0	+1.0 +1.0	+2.0	Medical Leave of Absence

Pool Code Types

- A = Understudy, 3 months or longer.
 B = Overlap replacement, less than 3 months for on-the-job training.
 C = Leave of absence replacement. Temporary hire during permanent employee's authorized leave to unclassified service.
 D = Leave-of-absence designation when permanent employee's authorized leave is less than 12 months.
 E = Leave-of-absence replacement. Temporary hire during permanent employee's authorized leave which is expected to last more than 12 months.
 I = Extended illness or worker's compensation (employee using accumulated sick leave or being paid through worker's compensation).
 X = DOA approved hire in anticipation of attrition (high turnover positions).



TOMMY G. THOMPSON

**Governor
State of Wisconsin**

March 6, 1997

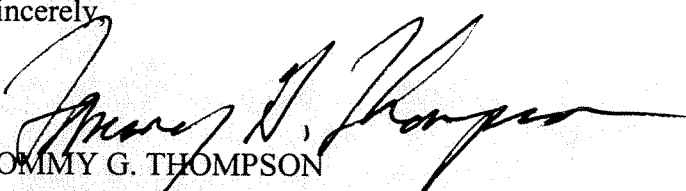
Mr. Dan Caucutt
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53703

Dear Mr. Caucutt:

Per Executive Order #305, I have created the Governor' Commission on Teaching in the 21st century. Would you please appropriate \$1000 out of the 301 Executive Committee budget.

If you have any questions, please feel free to call Scott Fromader at 267-8912. Thank you for your assistance.

Sincerely


TOMMY G. THOMPSON
Governor

TGT/kak

cc: Mary Massey

Tommy G. Thompson

Governor

Linda Stewart

Secretary



OFFICE OF THE SECRETARY

201 East Washington Avenue

P.O. Box 7946

Madison, WI 53707-7946

Telephone: (608) 266-7552

FAX: (608) 266-1784

**State of Wisconsin
Department of Workforce Development**

June 6, 1997

Senator Brian Burke, Co-Chair
Joint Committee on Finance
LL1 119 Martin Luther King Blvd.
P.O. Box 7882
Madison, WI 53707-7882

Representative Scott Jensen, Co-Chair
Joint Committee on Finance
315 North, State Capitol
P.O. Box 8952
Madison, WI 53707-8952

Dear Senator Burke and Representative Jensen:

Attached please find the Department's report for the second quarterly meeting in 1997 of the Joint Committee on Finance, as required by 1995 Wisconsin Act 27, subsection 9130 (15g).

In accordance with this statutory requirement, the report contains the status of the Department's "waiting list" for vocational rehabilitation services, the amount of third-party funding available as match for federal funding of this program in the upcoming fiscal year, and whether additional state funding is necessary to capture available federal funds.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Linda Stewart'.

Linda Stewart
Secretary

Tommy G. Thompson
Governor

Linda Stewart
Secretary



OFFICE OF THE SECRETARY
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-7552
FAX: (608) 266-1784

State of Wisconsin
Department of Workforce Development

REPORT TO THE JOINT COMMITTEE ON FINANCE
AS REQUIRED BY 1995 WISCONSIN ACT 27, SS. 9130 (15G)

BACKGROUND

In accordance with 1995 Wisconsin Act 27, ss. 9130 (15g), the Department (DWD) shall report to the Joint Committee on Finance, at the committee's second quarterly meeting in 1997 under section 13.10, Wisconsin Statutes, on the following.

1. The extent of the waiting list, if any, for vocational rehabilitation (VR) services and the measures taken by the Department to minimize this waiting list in order to comply with section 47.02 (3) (f), Wisconsin Statutes;
2. The amount of third-party funding available as match to federal funds under 29 USC 701 to 796I, in federal fiscal year 1997-98; and
3. Whether additional funding is necessary to fully capture available federal matching funds, and the sources of funding which could be reallocated within the Department's budget.

Following is the Department's findings.

"WAITING LIST"

On December 5, 1994, pursuant to ss. 227.19 (3), Wisconsin Statutes, Chapter HSS 255, Wisconsin Administrative Code, and 29 USC 721 (a)(5)(A), the Department of Health and Social Services (now, DHFS) implemented an order of selection (OOS) in the provision of VR services.

Under federal law, an OOS is required when VR financial and staffing resources are insufficient to provide appropriate, complete and quality services to all eligible individuals with disabilities.

The OOS must ensure individuals with the most severe disabilities are served before those with the least severe. Each eligible individual is assessed and placed into an OOS category based upon both the severity of his or her disability, and the need for multiple services over an extended period of time.

Seven of these categories were established, based upon the level of severity, with A being the most severe and G the least severe.

Currently, category G is suspended, or closed. A suspended category is not comparable to a "waiting list." Individuals in suspended category G will not be served while resources are insufficient.

Should resources once again become sufficient, the Department has the option of re-opening this category.

Category G was suspended on December 5, 1994. The number of individuals in that category reached a high of 570 in 1995, and it currently stands at about 500.

The major reason for the drop in the number of individuals in the suspended category was that individuals have chosen to close their case files rather than remain in the suspended category.

An assessment of the need to open or suspend additional categories is done annually, and the decision is based on the resources available to provide services.

THIRD-PARTY FUNDING DURING 1997-98

The Department estimates that approximately \$46,026,200 will be available in federal funds for federal fiscal year 1998 (FFY98). This means that, in order to fully match the federal funds available, the Department will need \$12,456,900 in state matching funds.

The Governor's budget proposal provides \$10,491,900. The Department will need to seek \$1,965,000 in non-federal funds as match from third parties. These funds will generate approximately \$7,260,400 of federal funds.

ADDITIONAL FUNDING

The Department has started efforts to raise the non-federal matching dollars needed to fully capture the federal funds. For example, it intends to extend several contracts where the match is provided by third parties; it will continue efforts to develop proposals for grants matched by other government agencies; and, it will continue to develop and implement requests for proposals for services to people with disabilities.

There are several issues which need to be considered, however, in order to ensure that the State continues to have a strong VR program by fully capturing available federal funds.

1. Third-party match may restrict informed choice. Client choice is best maximized when counselors have discretionary (i.e., GPR-funded) budgets rather than using services provided through contracts with third-parties.

2. Third-party funds may or may not generate services which meet the service needs of the most severely disabled. The Department must ensure that emphasis is placed on contracts that meet service needs and not simply to providers who are able to fund the non-federal match.

3. Restrictions on the type of match and the types of services which can be provided with third-party funds at times hinder the ability to design flexible and relevant third-party contracts. For example, the match must be provided by a government agency and the services provided must represent a new service.

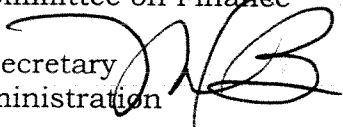
TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

Date: December 18, 1997

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Revenue for Approval of the Temporary Recycling Surcharge Rate for Tax Year 1998.

Request

Annually, the department is required to establish temporary recycling surcharge rates under s. 77.945 Wis. Stats. The department is required to submit these rates to the Joint Committee on Finance for consideration at its December meeting under s. 13.10. The department recommends that the current recycling surcharge rates remain in effect for tax year 1998.

Background

The 1991-93 biennial budget established the original temporary recycling surcharge rate at 5.5% of gross tax liability for corporations and 0.4345% of net income for nonfarm sole proprietorships, partnerships, and S corporations. The minimum surcharge is \$25 and the maximum surcharge is \$9,800. The surcharge is imposed on all non-farm businesses with gross receipts of greater than \$4,000. Non-corporate farm businesses with net farm profits of greater than \$1,000 pay a \$25 surcharge.

1991 Wisconsin Act 60 gave the Department of Revenue, with the approval of the Joint Committee on Finance, the authority to annually set the surcharge rate in order to sufficiently fund all currently budgeted appropriations which are funded through the recycling fund. 1993 Wisconsin Act 16 requires the Department to submit the rate to the committee in time for consideration at its December meeting under § 13.10. Pursuant to 1993 Wisconsin Act 16, the Joint Committee may either approve or disapprove the Department's recommendation. If the Committee disapproves the Department's recommendation, the current rate remains in effect.

Since the surcharge was first applied (for the taxable year which ended after April 1, 1991), the rates have remained unchanged. The Department of Revenue maintains the collections arising from current rates will be adequate to fund recycling appropriations in FY99 and beyond.

Analysis

Under 1997 Act 27, the biennial budget, the Department of Natural Resources (DNR) is required to submit a proposal to the Legislature for continuing state aid to local governments through FY 2004 for the implementation of recycling programs. Legislative intent is to reserve \$24 million from the FY 1999 closing balance for this purpose. If the rates are lowered, the fund balance may not be sufficient to support this grant program. In order to ensure that expenditures do not exceed the closing balance of the fund, an adjustment to the recycling fund surcharge rate should not be made at this time.

Projected Recycling Fund Condition at Current Surcharge Rates on June 30, 2000.

	FY 1997	FY 1998	FY 1999	FY 2000
1996 Ending Cash Balance (AFR)	33,597,500			
Less Encumbrances	(22,572,700)			
1996 Ending Unreserved Balance (AFR)	11,024,800			
Opening Fund Balance	33,597,500	36,372,700	37,145,900	50,395,600
Revenues:				
Recycling Surcharge	51,500,000	51,600,000	42,800,000	0
Interest Earnings	2,575,000	2,580,000	2,140,000	1,540,400
Refund of Expenditures	655,500	521,900	220,100	0
Other	10,600	10,600	10,600	0
Total revenues:	54,741,100	54,712,500	45,170,700	1,540,400
TOTAL AVAILABLE	88,338,600	91,085,200	82,316,600	51,936,000
Expenditures:				
Appropriations	51,965,900	38,689,300	31,921,000	**
General Fund Transfer	0	3,850,000	0	0
Continuing State Aid	0	0	0	24,000,000
Total Expenditures	51,965,900	42,539,300	31,921,000	24,000,000
CLOSING BALANCE	36,372,700	48,545,900	50,395,600	27,936,000
Reserves for Carryover Encumbrances	12,297,700	11,400,000	0	0
UNRESERVED UNDESIGNATED BALANCE	24,075,000	37,145,900	50,395,600	27,936,000

** Appropriations for FY 2000 will be proposed in the DNR's report to the Legislature on continuing state aid to local governments for recycling programs.

Recommendation

Approve the Department's request.

Prepared by: Michelle New
266-8593



State of Wisconsin • DEPARTMENT OF REVENUE

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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

December 10, 1997

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
119 Martin Luther King Jr. Blvd., Room LL1
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
State Capitol, Room 316 North
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The recycling fund condition statement provided by the Department of Natural Resources (DNR), which we used to recommend recycling rates for tax year 1998, was in error regarding the amount of actual expenditures from the fund in FY 1997. Actual expenditures from the recycling fund were \$43.2 million rather than \$36.2 million, as originally reported. The error occurred because approximately \$7.0 million in expenditures by the University of Wisconsin were not taken into account in the fund condition statement.

As shown in Table 1, the result of this error is fiscal year ending balances that differ from those originally estimated. With this new information, we now estimate the ending balance to be \$50.2 million after FY 1999 and \$28.7 million after the \$24 million authorized in FY 2000 for municipal grants. The change does not affect the Department's recommendation to keep rates at the current level.

TABLE 1

ESTIMATED RECYCLING FUND BALANCE AT CURRENT SURCHARGE RATES
FISCAL YEARS 1997 THROUGH 2000
(\$ millions)

Fiscal Year	Fund Balance	Surcharge Revenue	Other Revenue ^a	Total Revenue	Appropriations ^b	Closing Fund Balance
1997 ^c	33.5	51.5	1.7	86.7	-43.2	43.5
1998	43.5	51.6	2.2	97.3	-59.9	37.4
1999	37.4	42.8	1.9	82.0	-31.8	50.2
2000 ^d	50.2	-	2.5	52.7	-24.0	28.7

^a Includes interest earned.

^b Includes reserves for prior year encumbrances (less an estimated \$3.4 million lapse in FY 1997 and \$0.4 million in FY 1998 for withdrawn projects), continuing and biennial appropriations, and a one-time \$3.85 million transfer to the general fund in FY 1998.

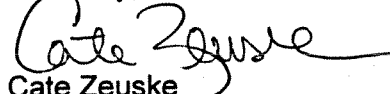
^c Actual

^d The tax expires for tax years ending after April 1, 1999, but 1997 Act 27 (the 1997-99 biennial budget) appropriates \$24 million in FY 2000 for municipal grants.

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
December 10, 1997
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If the Committee needs any further information, please do not hesitate to contact me.

Sincerely,


Cate Zeuske
Secretary of Revenue

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cc: Members, Joint Committee on Finance
Mark Bugher, Department of Administration
Robert W. Lang, Legislative Fiscal Bureau
George Meyer, Department of Natural Resources
Michelle New, Department of Administration
Barbara Schultz, Department of Natural Resources
Diane Hardt
Eng Braun



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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

November 21, 1997

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
119 Martin Luther King Jr. Blvd., Room LL1
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
State Capitol, Room 316 North
Madison, WI 53702

Dear Senator Burke and Representative Gard:

Sec. 77.945, Wis. Stats., requires the Department of Revenue to establish temporary recycling surcharge rates for tax year 1998 that would be needed to generate sufficient revenues to fund scheduled appropriations from the segregated recycling fund in the following fiscal year (FY 1999). The Department is required to submit these rates to the Joint Committee on Finance in time for consideration at its December "13.10" meeting.

The current surcharge rates are 5.5% of gross tax liability for regular corporations, and 0.4345% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships, and tax-option corporations. The surcharge is imposed on all nonfarm businesses with gross receipts greater than \$4,000, with a minimum surcharge of \$25 and a maximum surcharge of \$9,800. Noncorporate farm businesses with net farm profits greater than \$1,000 pay a \$25 surcharge; those with less than \$1,000 net farm profit are exempt from the surcharge. The surcharge is eliminated for tax years ending after April 1, 1999.

These current rates would result in a substantial balance in the recycling fund at the end of FY 2000, which would suggest that the rates be lowered. However, 1997 Wisconsin Act 27, the biennial budget act, requires the Department of Natural Resources (DNR) to submit a proposal to the Legislature to carry out the Legislature's intent for continuing state aid to local governments through FY 2004 for recycling programs [in Section 3614mg of the Act, creating s. 287.23 (1m), Wis. Stats.]. If rates are lowered, the recycling fund may lack sufficient resources to fulfill this legislative intent. Therefore, the Department recommends that the current rates remain in effect for tax year 1998. The Legislature may wish to alter the rates, if necessary, after the DNR report is submitted.

Table 1 shows the estimated recycling fund balance, including estimated fund revenues at current rates and appropriated amounts, through FY 2000. The closing fund balance at the end of FY 1997 was \$50.5 million. It is estimated that the addition of surcharge revenues and interest earned during FY 1998 will leave \$104.6 million available for spending from the recycling fund in FY 1998. The expenditures from the fund in FY 1998 are expected to be \$59.9 million, including \$19.5 million in encumbered amounts from FY 1996, \$36.3 million in scheduled appropriations and a one-time transfer to the general fund of \$3.85 million. The estimated closing fund balance under current surcharge rates at the end of FY 1998 is \$44.7 million.

As shown in the table, the estimated surcharge revenue at the current rates for FY 1999 is \$42.8 million and estimated appropriations, less anticipated lapses for withdrawn projects, is \$31.8 million leaving a closing fund balance of \$57.9 million. Although the surcharge will no longer be imposed for taxable years ending on or after April 1, 1999, the 1997-99 biennial budget appropriates \$24 million for municipal grants from the recycling fund in FY 2000. The remaining balance at the end of FY 2000 would be \$36.8 million.

TABLE 1
ESTIMATED RECYCLING FUND BALANCE AT CURRENT SURCHARGE RATES
FISCAL YEARS 1997 THROUGH 2000
(\$ millions)

Fiscal Year	Fund Balance	Surcharge Revenue	Other Revenue ^a	Total Revenue	Appropriations ^b	Closing Fund Balance
1997 ^c	33.5	51.5	1.7	86.7	-36.2	50.5
1998	50.5	51.6	2.5	104.6	-59.9	44.7
1999	44.7	42.8	2.2	89.7	-31.8	57.9
2000 ^d	57.9	-	2.9	60.8	-24.0	36.8

^a Includes interest earned.

^b Includes reserves for prior year encumbrances (less an estimated \$3.4 million lapse in FY 1997 and \$0.4 million in FY 1998 for withdrawn projects), continuing and biennial appropriations, and a one-time \$3.85 million transfer to the general fund in FY 1998.


^c Actual

^d The tax expires for tax years ending after April 1, 1999, but 1997 Act 27 (the 1997-99 biennial budget) appropriates \$24 million in FY 2000 for municipal grants.

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
November 21, 1997
Page 3

If the Committee needs any further information as they review this recommendation, please do not hesitate to contact me.

Sincerely,


Cate Zeuske
Secretary of Revenue

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cc: Members, Joint Committee on Finance
Mark D. Bugher, Department of Administration
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